

Message Text

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12/11

ACTION TRSE-00

INFO OCT-01 EA-06 NEA-10 ISO-00 CIAE-00 PM-03 H-02 INR-07

L-03 NSAE-00 NSC-05 PA-01 PRS-01 SP-02 SS-15 USIA-06

NSCE-00 AID-05 COME-00 EB-07 FRB-03 XMB-02 OPIC-03

CIEP-01 LAB-04 SIL-01 OMB-01 STR-04 CEA-01 IO-10

SSO-00 /104 W

----- 083339

P 260521Z JUL 75

FM AMEMBASSY MANILA

TO SECSTATE WASHDC PRIORITY 5835

INFO AMEMBASSY BANGKOK

AMEMBASSY BONN

AMEMBASSY DACCA

AMEMBASSY ISLAMABAD

AMEMBASSY JAKARTA

AMEMBASSY TOKYO

C O N F I D E N T I A L MANILA 10239

C O R R E C T E D C O P Y FOR MRN 10239 VICE 0129

E. O. 11652: GDS

TAGS: ADB, RP, EAID, EFIN

SUBJECT: US SUPPORT FOR ADB

DEPT PASS WHITE HOUSE

DEPT PASS TREASURY FOR COOPER

FOR INGERSOLL, ROBINSON AND HABIB

1. I AM DISTRESSED TO LEARN UPON MY RETURN TO MANILA
THAT U.S. POLICY WITH REGARD ASIAN DEVELOPMENT BANK HAS
BEEN ALLOWED TO DRIFT INTO SITUATION WHICH COULD SERIOUSLY
UNDERMINE FUTURE OPERATIONS OF THAT INSTITUTION. CONTRARY
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TO EXPECTATIONS WHICH APPEARED FIRM WHEN I LEFT HERE AT

THE END OF MAY, NO RPT NO ACTION SEEMS TO HAVE BEEN TAKEN BY TREASURY TO CONSULT WITH U.S. CONGRESS ABOUT FUTURE U.S. CONTRIBUTIONS EITHER TO THE ASIAN DEVELOPMENT FUND OR TO REPLENISHMENT OF THE BANK'S ORDINARY CAPITAL RESOURCES.

2. AT U.S. REQUEST, THE BANK POSTPONED A DONORS' MEETING SCHEDULED FOR JUNE IN ORDER TO PERMIT TREASURY TO CONSULT WITH CONGRESS AND THEREBY ASSURE U.S. PARTICIPATION AS A DONOR. THIS MEETING IS RESCHEDULED FOR THE END OF AUGUST IN WASHINGTON.

3. SINCE CONGRESS WILL BE IN RECESS THE ENTIRE MONTH OF AUGUST, IT IS CLEAR THAT, UNLESS CONSULTATIONS TAKE PLACE IN NEXT FEW DAYS, U.S. WILL ONCE AGAIN BE IN NO POSITION TO PARTICIPATE MEANINGFULLY, IF WE ARE TO PARTICIPATE AT ALL. IF U.S. FAILS TO PARTICIPATE, BOTH JAPANESE AND EUROPEAN CONTRIBUTIONS, WHICH ARE PREMISED UPON U.S. DOING ITS SHARE, WILL NOT RPT NOT BE FORTHCOMING, AND ALL OPERATIONS OF THE ADF AS WELL AS MOST OPERATIONS OF THE BANK ITSELF WILL PREDICTABLY GRIND TO A HALT BY THE END OF THIS YEAR.

4. AS DEPT WILL RECALL, ADB WAS VERY LARGELY A U.S. CREATION. OUR PARTICIPATION IN ITS ENTERPRISES IS REGARDED BY ASIAN OBSERVERS AS A SYMBOL OF OUR CONTINUING INTEREST IN ASIA JUST AS SIGNIFICANT AS THE PRESENCE OF THE U.S. SEVENTH FLEET.

5. IF A CONSCIOUS POLICY-LEVEL DECISION HAS BEEN MADE BY THE U.S. EXECUTIVE BRANCH TO SCUTTLE THE ADB, I AM SURE I SPEAK FOR OTHER INFO ADDRESSEES ON THIS MESSAGE IN STATING THAT I DOUBT THE WISDOM OF SUCH A DECISION AND WOULD URGE THAT IT BE REOPENED AND REVIEWED. TOO MANY OF THE UNDERDEVELOPED COUNTRIES OF THIS REGION DEPEND UPON THE ADB AND THE ADF FOR US TO PULL THE RUG OUT FROM UNDER THESE INSTITUTIONS THIS BRUTALLY.

6. IF, ON THE OTHER HAND, OUR CURRENT POSITION HAS BEEN ARRIVED AT BY POLICY DEFAULT, I STRONGLY URGE THAT STATE
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PRESS TREASURY TO ACT IMMEDIATELY TO UNDERTAKE THE NECESSARY CONSULTATIONS WITH APPROPRIATE CONGRESSIONAL LEADERS BEFORE THE CONGRESS RECESSES. ALTHOUGH I REALIZE THAT THERE HAVE BEEN MANY OTHER PRIORITY ITEMS ON TREASURY'S AGENDA IN DEALING WITH THE CONGRESS, I FEEL IT WILL BE IMPOSSIBLE TO EXPLAIN TO THE BANK AND TO OTHER DONORS THAT WE HAVE BEEN UNABLE, SINCE LAST APRIL, TO ARRANGE CONSULTATIONS WITH THE CONGRESS ON THIS SUBJECT.

IT WILL BE PARTICULARLY INCREDIBLE SINCE WE ASKED FOR
POSTPONEMENT OF THE JUNE DONORS MEETING SPECIFICALLY IN
ORDER TO ARRANGE SUCH CONSULTATIONS.

7. PLEASE ADVISE RESULTS STATE-TREASURY DISCUSSIONS
THIS SUBJECT SOONEST.
SULLIVAN

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